STRATEGY IMPLEMENTATION STYLES OF MALAYSIAN, THAI AND HUNGARIAN MIDDLE MANAGERS

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ABSTRACT

There is a need for more comparative empirical research that examines middle manager roles in strategic change. This paper reports a study of middle managers in two dynamic settings: the Asia/Pacific region – Malaysia and Thailand; and Central/Eastern Europe – Hungary. Results of 213 respondents across three countries indicate that middle managers from all three tend toward use of authoritarian management styles even in proactive strategic change situations. However, Hungarians are less likely to use these styles than Thai and Malaysian middle managers. For all three countries, managers with less work experience were found to have lower tendencies to use an authoritarian style of implementation. When top managers exhibit an aggressive strategic posture, middle-managers from all three countries are also less likely to use an authoritarian style.

Firms that want to stay competitive in the global market place must continuously evolve by successfully accomplishing strategic change (Struckman & Yammarino 2003). Although senior managers are critical in leading the strategic change process, even the best-planned strategic changes will not achieve their full potential unless they are well implemented. Part of the strategic leadership responsibility, therefore, includes establishing a climate in which the organization’s rank and file will experience both a positive attitude about change and the confidence to actively seek change opportunities (Kanter 2003). Research attention is bringing more insight into the important roles of middle-managers in this process of implementing strategic change (Balogun & Jenkins 2003; Floyd & Wooldridge, 1992, 1994; Wooldridge & Floyd 1990). Although there is little doubt that active support by middle managers is critical for the strategies to be well implemented (Guth & MacMillan 1986), there remain many important questions with regard to how middle managers participate in this process (Balogun 2003).

The need for research on middle manager roles in strategic change is even more apparent in the international management area. Past cross-cultural studies have addressed how managers from different countries compare on managerial styles (Michailova 2000), value systems (Elsayed-Elkhouly & Buda 1997), managerial behavior and learning (Child & Markoczy 1993), and conflict tendencies (Swierczek & Onishi 2003). Yet very few comparative studies have specifically investigated middle manager style differences and
assisting in the process of implementing strategic changes (Kustin & Jones 1996). As the processes of globalization continue, there is a corresponding urgency to learn more about the strategy implementation roles of middle managers around the world. The purpose of the present study, accordingly, is to examine middle manager styles of implementing strategic change in two dynamic and timely settings: (1) the Asia/Pacific region – focusing on middle managers in Malaysia and Thailand; and (2) Central/Eastern Europe – with a focus on middle managers in Hungary.

INTRODUCTION AND BACKGROUND

Pfeffer (1992) described the operational role of middle managers in organizations as one of getting things done. This action-oriented role remains important even as middle managers experience the pressures and impact of organizations undergoing restructuring to meet emerging competitive realities (Floyd & Wooldridge 1994). In fact, it is argued that even though organizations may be employing fewer middle managers today, their importance to the ongoing processes of strategic transformation is increasingly critical (Balogun 2003). In this context, middle managers play important instrumental roles. They act as go-betweens providing information pertinent to the internal environment to top management; they serve as change leaders and facilitators that help execute strategies formulated by the top management. Recent research has even argued that the role of middle managers in the strategic management process may even be more important than had been previously thought (Balogun & Jenkins, 2003; Balogun 2003; Dutton, Ashford, Wierba, O'Neill & Hayes 1997; Floyd & Wooldridge 1992, 1994; Wooldridge & Floyd 1990). Floyd and Wooldridge (1994) specifically contend that middle managers play four strategic roles: synthesizing information, championing strategic alternatives, facilitating adaptability, and implementing deliberate strategies. Among these roles, implementing deliberate strategy is the most commonly recognized (Floyd & Wooldridge 1994).

At a time when globalization is in full swing, it is relevant to ask how culture influences the tendencies of middle managers when enacting their change leadership roles in the world's businesses. Given the centrality of power and authority in the very nature of the managerial role (Pfeffer 1992), cultural implications of power distance, assertiveness, and collectivism are of particular interest.

Cultural Comparisons: Hungary, Thailand and Malaysia

Hungary continues to deal with significant changes in its political and economic systems. After many years of communist control and a centrally-planned economy, the country has advanced rapidly since 1989 toward a market economy. Business and management education in Hungary have struggled to overcome legacies of the...
past to become more appropriately aligned with the needs and opportunities of the new economic environment (Voros & Schermerhorn 1993). Hungary's culture has been described with a pattern of values that are individualistic, ascriptive and particularistic. Thus, Hungarians place greater importance on circumstances and relationships than on formal rules and contracts as is characteristic of the more universalistic cultures (Hampden-Turner & Trompenaars 2000).

In a study by Smith, Dugan and Trompenaars (1996), the former Communist nations of Eastern Europe, including Hungary, clustered together with a conservative and utilitarian orientation. In practice, conservative managers tend to be more paternalistic, with supervisors prone to guide subordinates continuously with the underlying assumption being that the boss is generally correct. There is a cultural orientation to respect hierarchy (Schwartz 1994), and toward a utilitarian perspective with regard to employee-employer relationships. In recent work reported as part of the GLOBE (Global Leadership and Organizational Behavior Effectiveness) project and Bakacsi, Sandor, Andras & Viktor (2002), Hungary is among a cluster of eight countries (Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia, and Slovenia) exhibiting high power distance scores and low uncertainty avoidance scores. Gupta, Surie, Javidan & Chhokar (2002) and Bakacsi et al. (2002) strongly suggest that while clusters have common orientations, individual country differences should not be neglected. Compared with other countries in this GLOBE cluster, Hungary specifically exhibited more uncertainty tolerance, higher power distance and lower assertiveness.

Also within the GLOBE project, researchers have examined the cultures of Malaysia and Thailand as a part of a cluster that included India, Indonesia, Iran, Malaysia, Philippines and Thailand (Gupta et al. 2002). The countries of this cluster rate high on group collectivism, power distance and low on gender egalitarianism. They tend to be highly group oriented, male dominated and hierarchical. In respect to specific country characteristics (Gupta et al. 2002; Bakacsi et al. 2002), Thailand stands out in this GLOBE cluster with the highest future and rule orientation, and with the lowest scores on assertiveness (Gupta et al. 2002). Thailand has highest power distance score in the cluster, and even though Malaysia's power distance score is high, it is the lowest power distance score within this particular cluster.

The Malaysian culture has been described as high in power distance and high in uncertainty avoidance; Malaysian employees tend to accept that power is distributed unequally and they will obey orders from their supervisors without question (Hodgetts & Luthans 1997). The expected tendencies are for Malaysian managers to avoid ambiguous situations, desire security and feel more comfortable with structured, clearly defined bureaucracies.
In summary, previous research (Kennedy 2002; Gupta et al. 2002; Bakacsi et al. 2002) suggests that the cultures of Thailand, Malaysia and Hungary share a high power distance orientation – the degree to which members of a collective expect power to be distributed equally. Hungary and Thailand both rank relatively low on assertiveness orientation – the degree to which individuals are assertive, confrontational and aggressive in their relationship with others. They are also low on institutional collectivism – the degree to which institutional practices encourage and reward collective distribution of resources and collective action. In respect to the present interest in change leadership styles and tendencies of middle managers from these countries, therefore, the expectation is that the cultural influences of high power distance, low assertiveness and low institutional collectivism shared among these countries will influence styles of managerial behavior in change leadership.

Change Leadership Styles

The change literature describes a continuum of middle management styles from autocratic or authoritarian to democratic or participative. (Lewin 1939; Tannenbaum & Schmidt 1958). Many earlier researchers suggested that either style will be effective depending on the contingencies of the situation being considered (Blake & Mouton 1964, 1976; House 1971). Lippitt and Mackenzie (1976) proposed a framework for solving a problem and implementing change:

(a) consultation – hire a consultant;
(b) committee – the person faced with the problem forms a committee;
(c) planning group – the manager forms a planning group;
(d) monitor – the manager monitors the plan through a standing committee;
(e) power – the use of power in implementing the solution; and
(f) higher authority – pass the decision to a superior.

Kotter and Schlesinger (1979), on the other hand, were more interested in understanding the process of making change more acceptable to employees. They suggested that this could be achieved if resistance toward change was reduced. They suggested six options to overcome resistance to change:

(a) education and communication;
(b) participation and involvement by potential resisters;
(c) facilitation and support;
(d) negotiation and agreement;
(e) manipulation and co-optation; and
(f) coercion (both explicit and implicit).

These categories are similar to the ones developed by Lippitt and Mackenzie (1976).
Nutt (1986) identified four distinct styles that were being used by managers implementing change. The first style he called, "implementation by intervention", when a manager calls for new performance norms and provides explanations for the actions to key people. "Implementation by participation" entails the initiation of the change process by a manager who forms a stakeholder group and delegates the process to this group. The third style "implementation by persuasion" involves using outside consultants who convince the manager of how best to effect the change. In the fourth approach, "implementation by edict", the manager uses power and control and avoids any form of stakeholder participation.

What can be called the "authoritative managerial style" is described and documented in the frameworks of managing proposed by Likert (1979), Blake and Mouton (1964), Nutt (1986), and Bourgeois and Brodwin (1984), among others. The principal aspect of this style is the conspicuous use of authority through the issuance of directives and fiats. Importantly, the implications offered by most researchers suggest that middle managers should favor a participatory style because the authoritarian style will induce resistance, create ill will and foster lack of loyalty among workers (Falbe & Yukl 1992; Kotter 1996; Yukl & Falbe 1990). Interestingly, however, when Collins, Ross and Ross (1989) surveyed upper managers they found an interesting pattern. Even though most managers liked the idea of participative managerial style, they often did not use this style in practice. Thus, an attempt to understand the degree to which the authoritative style is emphasized in the change leadership tendencies of managers in different cultures becomes a worthwhile research direction.

One of the potential influences on choice of the authoritarian change management style is the nature of the change, specifically whether it is proactive or reactive in nature (Nadler & Tushman 1990), long-term or short-term in scope (Smart & Vertinsky 1984), or first-order or second-order in type (Meyer, Brooks & Goes 1990). In this study we use focus on proactive change situations where the organizational change is both long-term and first-order; in other words, the change is considered anticipatory, potentially long-lasting and subject to control. In the context of forward thinking and longer time frames, middle managers are generally under less time pressure to act; this opens the opportunity, if so chosen, to engage time consuming processes of communication, interaction and consensus building in one's change leadership style. By using the available time in this manner, furthermore, the literature suggests that managers will be more open to others' suggestions and comments, and better position themselves for support of important stakeholders. In other words, the conventional wisdom seems to be that in proactive change situations where time is available, the participative style is preferred because of these advantages (Falbe & Yukl 1992; Pfeffer 1992).
Research Question and Hypotheses

The research question for this study is: How does culture influence the choice of an authoritative management style by middle managers from Hungary, Malaysia and Thailand when involved in proactive strategic change situations? Given the prior background discussion, we expect that the high power distance orientations of Hungarian, Thai and Malaysian cultures will be reflected in tendencies toward authoritarian styles by middle managers in all three settings. Because the Thai culture has the highest score of power distance in this comparison group, furthermore, we expect that Thai managers will be more likely than their Malaysian and Hungarian counterparts to adopt the authoritarian style.

$H1$: Given a proactive strategic change situation, Hungarian, Malaysian and Thai middle managers are likely to prefer an authoritarian style of management.

$H2$: Given a proactive strategic change situation, Hungarian, and Malaysian middle managers are less likely to prefer an authoritarian style as compared to Thai middle managers.

In addition to the main effect of the independent variable, proactive change, it was decided to test the moderating effects of top management team influences on middle managers. This was particularly interesting in that the role of hierarchy is important in all three cultures. It is expected that middle managers will be likely to look for cues from their top managers when it comes to implementing a strategic change. Thus, it was decided to also examine risk taking as a strategic posture of the top management teams.

When the top management team is extremely cautious and opposed to risk-taking, the strategic posture is non-existent (Covin & Slevin 1989). If the top management team exhibits an entrepreneurial streak, however, it signals the presence of strategic posture. This indicates to the middle managers that they too may be able to take some risks. If middle managers sense that top management is aggressively responding to anticipated changes in the environment, it would seem that they would also be more inclined to aggressively implement changes. In the case of Thai, Malaysian, and Hungarian cultures (Bakacsi et al. 2002; Gupta et al. 2002; Hodgetts & Luthans 1997; Hofstede 1983; Smith et al. 1996; Schwartz 1994), therefore, we expect that middle managers in all three countries will be more likely to choose an authoritative style when their top managers exhibit a risk-taking strategic posture.
Strategy Implementation Styles

H3: Given a proactive strategic change situation, Hungarian, Malaysian, and Thai middle managers are more likely to use an authoritarian style of management when firm top management pursues an aggressive strategic posture.

STUDY DESIGN AND METHODOLOGY

Sample Size

This study used a questionnaire design that included a business scenario describing a hypothetical firm involved in a strategic and proactive change situation. After reading the scenario, the respondent was asked two questions. The first question asked the respondent if they thought the scenario described a proactive strategic change. The second question asked what style of management the respondent would use in this hypothetical situation. All items in the survey were based on Likert-scale and respondents were asked to circle their responses ranging from least likely (denoted as 1) to most likely (denoted as 5).

The study used university contacts in all three countries. We surveyed middle managers who had graduated from at least baccalaureate programs and were currently working in middle management positions. We obtained 213 usable responses from middle managers: 77 Malaysians, 43 Hungarians, and 83 Thais. The Hungarian survey instrument was translated into the Hungarian language and retranslated into English for accuracy of items, but the respondents were asked to respond to the Hungarian language instrument. Similarly, the Thai questionnaire was translated and retranslated in English for accuracy and the respondents used the Thai language instrument. The Malaysian survey was administered in English.

Operationalization of Variables

The dependent variable, authoritative style was described as issuing fiats and orders. This was based on the literature review cited earlier with a focus on the "edict" style described by Nutt (1986). For the independent variable, proactive change, a two-item scale was created that reflected anticipatory change and long-term survival of the firm; this concept is consistent with Chandler (1962). The moderator variable of aggressive top management team strategic posture was obtained from Covin, Byars, and McDougall (1993). However, the strategic posture variable was modified from the original scale. Two of the ten items were dropped because they described corporate level decisions rather than middle managers.
To control for potential differences due to demographic variances, the total work experience of the respondent was used as a control variable. The total work experience was split into two groups: up to 10 years of work experience; and 11 and more years of work experience for purposes of stepwise regression. The country of the respondent was also used as an additional control variable.

The validity of scales was assessed using Cronbach's Alpha value obtained through the SAS statistical package. The SAS program provides a table that indicates the improvement in the alpha value when a specific item is dropped. The two items for "Proactive Change" produced an alpha value of 0.70 and thus was retained without any changes. The "aggressive strategic posture of the top management team" variable originally had eight items. The initial analysis did not yield an acceptable Cronbach's Alpha. After the first item was dropped, however, the remaining items produced a standardized alpha of 0.80, which is acceptable for further analysis.

RESULTS

Table 1 reports the descriptive statistics. There are no serious issues with regard to multi-collinearity. Table 2 reports the results for all three hypotheses when tested in stepwise regression analysis. Both models designated as Step 1 and Step 2 have a significant \( p \) value, and the \( R^2 \) values are increasing with the additional step. This indicates that the model is appropriately specified.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. dev.</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proactive Strategic Change</td>
<td>212</td>
<td>0.005</td>
<td>0.88</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
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<td>(PROLT)</td>
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<tr>
<td>2. Strategic Posture of TMT</td>
<td>211</td>
<td>0.006</td>
<td>0.60</td>
<td>0.06</td>
<td>1.00</td>
<td></td>
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<tr>
<td>3. Authoritative Style</td>
<td>203</td>
<td>0.00</td>
<td>0.99</td>
<td>0.22**</td>
<td>−0.06</td>
<td>1.00</td>
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<tr>
<td>(AUTH)</td>
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</tbody>
</table>

Note: † = \( p < 0.10 \); * = \( p < 0.05 \); ** = \( p < 0.01 \); *** = \( p < 0.001 \); only significant values are reported
Please note that this table is based on normalized data
Sample N = 213
Table 2 (Step 1) reports the relationship between dependent variable (authoritative implementation style) and the other variables. Hypothesis 1 suggests that in proactive change situations middle managers from all three countries are likely to use the authoritative style. It can be seen from Step 1 of Table 2 that proactive change is positively related to authoritarian style with $p < 0.001$. Thus our first hypothesis is supported. When controlled for "work experience" results indicates that middle managers with less than 11 years of work experience tend toward less authoritative styles as compared to managers with longer work experience.

The second hypothesis suggests that Hungarian and Malaysian managers are likely to be less authoritarian in proactive change situations as compared to the Thai managers. The results from Step 1 when controlling for "country of origin" (Rescon) show no significant difference in the choice of implementation style between Thai and Malaysian managers. However, there is a significant difference...
between Hungarian middle managers and Thai middle managers, with the Hungarian managers less likely to be authoritarian in implementing change.

Hypothesis 3 proposed that in a proactive change situation and when the top management team is pursuing an aggressive strategic posture, middle managers from all three countries are more likely to use an authoritarian management style. To test this relationship we examined the interactive effect of the aggressive strategic posture by the top management team on the relationship between proactive change and choice of authoritative implementation style. The results from Step 2 of the regression analysis indicate that the interaction effect is present and significant, but it is in the opposite direction than hypothesized. Middle managers from all three countries were less likely to exhibit authoritarian management styles in proactive situations with aggressive strategic postures by top management teams.

DISCUSSION

The purpose of this study was to initiate more systematic and cross-cultural examinations of the management styles used by middle managers when they implement strategic changes. As discussed previously, one of the factors expected to affect the choice of implementation styles is whether the change is in reaction to an event or whether it is a proactive move to deal with an event that is expected to happen in the future. It is generally argued that in reactive or crises situations, managers may use a more authoritarian management style, whereas in proactive change situations, managers will prefer more participative approaches. However, we found that middle level managers from these three countries tend toward a more authoritarian style even in proactive strategic change situations. We also found that Hungarian managers tend to use this style less than their Malaysian or Thai counterparts. Perhaps this difference is due to the influence on Hungarian managers of European practices Carried by the quick movement of the country towards integration with Western Europe and membership in the EU.

With regards to the moderator variable, we found that if top managers exhibit an aggressive strategic posture, middle managers in all three countries are less likely to use an authoritarian style. We believe that this is an interesting result. One possible explanation is that top managers exhibiting an aggressive strategic posture suggest to the middle managers that the senior managers are more active participants in the organizational decision-making and organizational routines. In this situation, middle level managers in high power distance settings may become more passive. They may become less involved in the change management process in these situations.
The last significant result we found was with regards to the level of work experience. When middle managers have less work experience they report less tendency toward the authoritative style than managers who have more work experience. A possible explanation is that middle managers may feel less confident in their expertise and thus less comfortable being. Alternatively, it may be that senior middle managers have a more authoritarian style due to the influence of age and generational influence.

As with any research there are limitations to this study. The sample is not random and may not represent these countries well for generalizability of findings. Future research needs to develop more rigorous sampling and also control for the exposure and receptivity of respondents to "foreign" education, travel and relationships. Because the data was collected using only the questionnaire method, mono-method bias may also pose a threat to the construct validity in the present research. No interviews or observations were conducted to triangulate the present study or to assist in the interpretation of results. In the future, researchers may want to consider case studies of a few organizations in which they can observe not only middle managers but also their superiors and subordinates. This will remove both the self-report bias and the mono-method bias acknowledged in this study.

RESEARCH DIRECTIONS

Notwithstanding these limitations, the implications of this research are useful for consideration. To begin, there is very little international comparative research that examines differences in management approaches to assisting with the implementation of strategic change. Given the growing complexity and pace of change in the global economy this is an issue of increasing importance. Future research on questions framed within this context has the potential to be insightful. Also, there is a need to move beyond survey data and include observations and interviews in study designs from the beginning. This offers an opportunity for richness and grounding of both findings and their interpretations in true managerial experiences. Finally, the present findings confirm the importance of studying change implementation styles under different conditions of reactivity and proactivity. It also confirms the need in future studies to control for other intervening variables such as managers' education and work experiences, as well as the role of top management involvement and styles in the strategic change initiatives.
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REFERENCES


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